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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92051140
Party	Defendant Product Source International, LLC
Correspondence Address	Product Source International, LLC 13 Coleman Road Berlin, NJ 08009 UNITED STATES
Submission	Motion to Dismiss - Rule 12(b)
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Signature	/Jay DiMarino/
Date	08/03/2009
Attachments	NIC OUT Motion to Dismiss.pdf (14 pages)(217121 bytes)

**IN THE UNITED STATES PATENT & TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL & APPEAL BOARD**

Leonid Nahshin,
153/36 Beer-Sheva
Beer-Sheva, 84746
ISRAEL
Plaintiff-Petitioner
vs.

Product Source International, LLC
13 Coleman Road
Berlin, NJ 08009
UNITED STATES
Defendant-Respondent

Opposition No.: 92/051,140
Registration No.: 3,350,041
Mark: NIC-OUT
Interlocutory Attorney:
Ann Linnehan, Esq.

**MOTION TO DISMISS, OR IN THE ALTERNATIVE,
TO STRIKE AND FOR A MORE DEFINITE STATEMENT**

COMES NOW Defendant-Respondent Product Source International, LLC (“PSI”) and moves that the Petition for Cancellation (“Petition”) filed with the Trademark Trial & Appeal Board (“Board”) on June 23, 2009, by Plaintiff-Petitioner Leonid Nahshin (“Nahshin”) be hereby dismissed for failure to state a claim upon which relief can be granted, or, in the alternative, moves the Board to strike irrelevant material therefrom and to order Nahshin to provide a more definite statement of the grounds upon which relief is sought.

Specifically, the Petition is defective in a number of respects, including that it: a) fails to assert a recognized statutory basis for cancellation, b) fails to properly assert Nahshin’s standing to institute a cancellation proceeding, c) does not adequately apprise PSI of the grounds upon which the cancellation proceeding is brought, d) contains irrelevant material, and e) with respect to relevant portions, fails to conform to the technical requirements for submissions to the Board. Dismissal is therefore proper.

I. FACTUAL BACKGROUND

Nahshin is an individual residing in Israel. PSI is a limited liability company duly organized under the laws of the State of New Jersey and that sells cigarette filters.

The present dispute appears to center upon the right of PSI to enjoy the continued registration of U.S. Trademark Registration No. 3,305,041 (“’041 Registration”) for the word mark NIC OUT (“Mark”) as used in International Classification 34 for “mechanical cigarette filters for removing nicotine.” PSI has been using the Mark in interstate commerce since at least as early as January 7, 2004. The ‘041 Registration was filed on March 21, 2006, and was registered on the Principal Register on January 4, 2007.

II. PROCEDURAL HISTORY & THE PETITION TO CANCEL

Nahshin’s Petition for Cancellation is the first action taken in the present dispute, and there are no other pending or concurrent disputes or proceedings between Nahshin and PSI regarding this or any other mark.

The grounds for cancellation as stated within the Petition read *in whole* as follows:

Other: Priority of use and filing in USPTO. Trademark Application Serial Number: 78206651. Nahshin, Leonid used this trademark logo prior current owner and filed a U.S. Trademark application for the same trademark in USPTO on January 23, 2003 before current owner did, but was refused registration. (see Trademark application Serial number 78206651). At that time current owner was customer of Nahshin, Leonid.¹

Nahshin filed his Petition with the Board via the ESTTA online submission portal. As will be readily familiar to the Board, the ESTTA system provides a built-in mechanism whereby a filer may select the statutory basis upon which a cancellation is

¹ Petition, p. 1.

sought. Among those choices are some twenty (20) options, including, *inter alia*, an option simply stating “Other.” (Exhibit A, attached hereto, is a printout of the relevant ESTTA application page where a selection of statutory basis is made.) Nahshin selected the “other” option and included the above-quoted text as the only additional support.²

The language used within Nahshin’s Petition specifically states, moreover, that “Priority of use and filing in USPTO” is the sole basis for cancellation. This sentiment is also reflected in correspondence sent to PSI on the same date the Petition was filed, which states in relevant part “Grounds for cancellation: Priority of use and filing in the USPTO.” (Exhibit B, attached, is a true and correct copy of this correspondence.)

III. LEGAL ARGUMENTS

The Petition is legally insufficient to sustain a proceeding for cancellation before the Board. As stated previously, the Petition neither asserts a proper statutory ground for relief nor properly pleads Nahshin’s standing to bring the action. On these bases, both individually and in combination, dismissal is required. Furthermore, the Petition does not adequately apprise PSI of the grounds upon which the cancellation proceeding is brought, contains irrelevant and impertinent material, and, as to that portion contained within correspondence from Nahshin’s counsel, fails to conform to the technical requirements for a pleading submitted to the Board. Nahshin should therefore be ordered, in the alternative, to provide a more definite statement of the ground upon which relief is sought and to be required to omit any further irrelevant and impertinent matter from such statement.

² Petition, p. 1.

A. Statutory Grounds for Cancellation

“Priority of use and filing in the USPTO” is not a recognized ground upon which to seek the cancellation of a registered U.S. trademark. This “basis,” however, is the only one explicitly averred in Nahshin’s pleading.

Furthermore, insufficient facts are stated within the Petition such that, if proven true, they would support a ground upon which cancellation would be proper. PSI cannot reasonably be expected to fill in the missing gaps from Nahshin’s defective pleading to divine a proper statutory basis. PSI therefore respectfully declines to do so here.

On this basis alone, much less in combination with the numerous defects expounded below, dismissal of the Petition is justified.³

B. Nahshin’s Standing to Bring the Proceeding

The law of standing to cancel a U.S. trademark registration is clear. It states:

A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be *damaged*, including as a result of dilution under section 43(c), by the registration of a mark on the principal register” (emphasis added).⁴

That is, a person seeking to cancel a trademark from the principal register must plead and prove, *inter alia*, that he or she will be damaged by the continuing registration of the mark.⁵

³ See TBMP §503.02 (requiring that a petition to cancel contain factual allegations (1) that the petitioner has standing to maintain the proceeding and (2) that a valid ground exists for canceling the subject registration); accord FED. R. CIV. P. 12(b)(6).

⁴ 15 U.S.C. §1064.

⁵ See 37 C.F.R. §2.112(a) (“The petition for cancellation must set forth a short and plain statement showing why the petitioner believes he, she or it is or will be damaged by the registration, state the ground for cancellation, and indicate, to the best of petitioner’s knowledge, the name and address of the current owner of the registration.”); TMBP §309.03(a)(2); accord Person’s Co. v. Christman, 900 F.2d 1565, 14 USPQ2d

Nahshin's Petition, however, fails to plead in any manner whatsoever that he has or will suffer damage as a result of the continued registration of PSI's Mark. As such, PSI is left unaware as to Nahshin's real interest in the Mark and cannot bring a suitable challenge to such standing in the absence of its pleading. Consequently, Nahshin has failed to plead sufficient facts to establish his standing to bring the instant proceeding.

Dismissal is therefore required.⁶

C. Inability of PSI to Determine Basis of Opposition

Furthermore, while Nahshin and his counsel should be commended for adhering to the Board's admonition that statements of cancellation should be made "simply, concisely, and directly," such concision should not run afoul of the requirement that "the pleading should include enough detail to give the defendant fair notice of the basis for each claim."⁷ PSI has been given no such fair notice of the basis for Nahshin's claims. When stripped to its core (*see* § III. D., *infra.*) the Petition states merely that Nahshin has used the mark prior to PSI and that Nahshin once filed an application for the Mark with the Trademark Office. These two facts alone are insufficient to establish any known statutory basis for cancellation and cannot be reasonably extrapolated to fulfill any known legal basis without a high degree of conjecture.

1477, 1479 (Fed. Cir. 1990); International Order of Job's Daughters v. Lindeburg and Company, 727 F.2d 1087, 220 USPQ 1017, 1019 (Fed. Cir. 1984); Lipton Industries, Inc. v. Ralston Purina Co., 670 F.2d 1024, 213 USPQ 185, 187 (CCPA 1982); Kelly Services Inc. v. Greene's Temporaries Inc., 25 USPQ2d 1460, 1464 (TTAB 1992); and American Vitamin Products Inc. v. Dow Brands Inc., 22 USPQ2d 1313, 1314 (TTAB 1992).

⁶ *See* TBMP §309.03(b) (requiring at the pleading stage that plaintiff allege facts sufficient to show a "real interest" in the proceeding, and a "reasonable basis for its belief of damage.").

⁷ TBMP §309.03(a)(2); *accord* FED. R. CIV. P. 8(e)(1).

Is Nahshin saying, for example, that he is the rightful owner of the Mark? If so, additional facts must be pled alleging this fact, and in all likelihood, a U.S. federal court would be the proper forum to litigate such a dispute. Alternatively, one *might* be able to surmise that Nahshin is alleging priority of use coupled with a likelihood of consumer confusion under Trademark Act §2(d). The Petition does not state this, however, but instead gives some evidence that §2(d) is not the proper basis. (Why, for example, was §2(d) not selected as the statutory basis on the ESTTA electronic form?) Furthermore, any proceeding brought under §2(d) must clearly and explicitly allege a likelihood of consumer confusion.⁸ Nahshin's Petition does no such thing, and PSI cannot reasonably be brought to respond in good faith to nebulous and vague accusations cast upon it without threat of prejudice.

While ordinarily an order for a more definite statement might be the proper remedy for such a state of affairs, in light of the many other defects contained within the Petition, PSI respectfully requests that the proceeding be dismissed.

D. Irrelevant Material

In addition to the Petition's failure to state with clarity several matters of a required nature, the Petition also states other matters of a purely irrelevant and inflammatory spirit. Respectfully, therefore, PSI requests that the following irrelevant matter be stricken from the Petition.

It is unclear, for example, why it is relevant that PSI was a customer of Nahshin. To the extent this relationship gave rise to any business torts or other causes of action peculiar to the customer-provider relationship in general, the proper forum to air those

⁸ See TBMP §309.03(c) ("Pursuant to Section 2(d) of the Act, 15 U.S.C. § 1052(d), plaintiff must assert, and then prove at trial, that defendant's mark, as applied to its goods or services, so resembles plaintiff's previously used or registered mark or its previously used trade name as to be likely to cause confusion, mistake, or deception").

grievances is a court of law, not the Trademark Office. That there may have been a customer-provider relationship between PSI and Nahshin adds nothing to any known statutory basis for having the Mark cancelled. Instead, and at most, allusion to this possible relationship merely casts an impermissible aspersion on PSI's reputation and character—as if to say that PSI stole the mark from a known business associate. Such innuendo is as unwelcome as it is improper.

Nor is it clear what role the fact Nahshin once applied for a U.S. trademark registration for the Mark should play in the instant proceeding. Nahshin's application went abandoned after a §2(d) rejection and no longer evinces an ownership interest in the Mark (nor is it clear that it ever did). At best, it provides only very indirect and highly controvertible evidence of prior use (although PSI denies this fact), which amounts to nothing more than a fact to be proven in discovery, not an allegation to be averred in a pleading.⁹

PSI therefore respectfully asks that irrelevant matters—specifically all references to the customer-provider relationship between PSI and Nahshin and all references to the prior U.S. trademark application that Nahshin filed—be stricken from the Petition and that the underlying factual allegations be left for disposition and proof in discovery.

E. Technical Faults with Correspondence

Lastly, there remains the issue of the correspondence that Nahshin and his counsel sent to PSI and then attached to the Petition when submitting it to the Board. Since the Petition does not explicitly identify the correspondence as an exhibit, the argument

⁹ In fact PSI asserts, and can later prove, that Nahshin has never used the mark “in commerce” as defined by the Trademark Act to mean use in interstate commerce in the United States. *See, e.g.*, 15 U.S.C. §1052(a). Nahshin's only use lies overseas.

remains open to Nahshin that the correspondence, in fact, contains the actual statement of opposition and that it should be examined to remedy any defects in the ESTTA filing.

To circumvent this possible flawed argument, PSI respectfully points out that not only does the correspondence not add any matter that would clarify the omissions from within the Petition, but also that even if it did, the correspondence fails to meet the technical specifications of a pleading before the Board. Specifically the correspondence does not state unique and individual factual matters within separately numbered paragraphs using double-spaced lines on numbered pages.¹⁰ Nor does the correspondence follow the recommended format for a pleading submitted to the Board.¹¹ Consequently, any argument that the correspondence remedies the Petition's many defects must necessarily fail, both on substantive and procedural grounds.

IV. REMEDIES SOUGHT

Technical deficiencies notwithstanding, however, the Petition fails to give PSI a fair and proper notice of the grounds upon which Nahshin seeks cancellation of the Mark or to state in unequivocal terms, that can and will be challenged, that Nahshin has proper standing to bring the instant proceeding. Demands of due process and substantial justice therefore require that the Petition be dismissed.

In the alternative Nahshin should be ordered to strike irrelevant material from the Petition and provide a more definite statement of the grounds upon which relief is sought.

¹⁰ See 37 C.F.R. §2.126(1) (requiring double spaced lines); 37 C.F.R. §2.126(5) (requiring numbered pages); TBMP § 309.03(a)(2) ("All averments should be made in numbered paragraphs, the contents of each of which should be limited as far as practicable to a statement of a single set of circumstances.").

¹¹ See TBMP §309.02(a) (providing suggested formats for pleading header, party identification, caption, and other standard elements for a pleading document).

Specifically, PSI requests that the statutory basis for cancellation be clarified, (and if none exists, that the proceeding be dismissed), and that Nahshin's standing to bring the present action be sufficiently pled so as to undergo a proper challenge by PSI.

Furthermore, Nahshin should be ordered to strike from the Petition, and to omit from any restatement of the grounds for the present petition, any and all references to the alleged customer-provider relationship between Nahshin and PSI and Nahshin's prior unsuccessful U.S. trademark application for the Mark. To the extent that Nahshin insinuates that somehow PSI used its customer relationship to improperly appropriate the Mark from Nahshin, Nahshin should be ordered to state such allegations in clear, direct, and concise terms. Similarly, if Nahshin seeks to establish a specific date of use prior of the mark prior to that of PSI, it should be required to plead that fact in similarly clear language instead of relying indirectly on statements made in a now abandoned trademark application.

Date: August 3, 2009

Respectfully Submitted:

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EXHIBIT A



United States Patent and Trademark Office

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Electronic System for Trademark Trials and Appeals

Petition for Cancellation.

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ESTTA v.3.0

PTO-2188 (Exp. 01/31/2011)

OMB No. 0651-0040 (Exp. 01/31/2011)

Grounds for Cancellation

Please check as many grounds for cancellation as are applicable. If a particular ground is not listed, check the "Other" box and fill in the ground in the text box provided.

The grounds for cancellation are as follows:

<input type="checkbox"/>	Immoral or scandalous matter	Trademark Act section 2(a)
<input type="checkbox"/>	Deceptiveness	Trademark Act section 2(a)
<input type="checkbox"/>	False suggestion of a connection	Trademark Act section 2(a)
<input type="checkbox"/>	Geographic indication which, if used on or in connection with wine or spirits, identifies a place other than the origin of the goods	Uruguay Round Agreements Act section 2(9)
<input type="checkbox"/>	Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof	Trademark Act section 2(b)
<input type="checkbox"/>	Consists of or comprises a name, portrait, or signature of a living individual without written consent, or the name, portrait, or signature of a deceased president without the written consent of the surviving spouse	Trademark Act section 2(c)
<input type="checkbox"/>	The mark comprises matter that, as a whole, is functional	Trademark Act section 2(e)(5)
<input type="checkbox"/>	Fraud	<i>Torres v. Cantine Torresella S.r.l.</i> 808 F.2d 46, 1 USPQ2d 1483 (Fed. Cir. 1986)
<input type="checkbox"/>	Genericness	Trademark Act section 23
<input type="checkbox"/>	Abandonment	Trademark Act section 14
<input type="checkbox"/>	Violates the provisions of Trademark Act § 4	Trademark Act § 4 (collective and certification marks)
<input type="checkbox"/>	The registration is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used.	Trademark Act section 14
<input type="checkbox"/>	Priority and likelihood of confusion	Trademark Act section 2(d)
<input type="checkbox"/>	The mark is merely descriptive	Trademark Act section 2(e)(1)
<input type="checkbox"/>	The mark is deceptively misdescriptive	Trademark Act section 2(e)(1)
<input type="checkbox"/>	The mark is primarily geographically descriptive	Trademark Act section 2(e)(2)
<input type="checkbox"/>	The mark is primarily geographically deceptively misdescriptive	Trademark Act section 2(e)(3)

<input type="checkbox"/>	The mark is primarily merely a surname	Trademark Act section 2(e)(4)
<input type="checkbox"/>	Dilution	Trademark Act section 43(c)
<input type="checkbox"/>	Other (please concisely indicate grounds and statutory or common-law basis for cancellation)	<div></div>

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07/29/2009 05:47 PM EDT

EXHIBIT B

GROUND FOR CANCELLATION Trademark "NIC OUT"
Registration Number: 3350041

To: Product Source International, LLC
LTD LIAB CO NEW JERSEY
13 Coleman Road Berlin,
NEW JERSEY 08009

June 23, 2009

Dear Product Source International, LLC:

The Actions of Cancellation of Trademark "NIC OUT" Registration Number: 3350041 were taken on June 23, 2009.

Grounds for cancellation: Priority of use and filing in USPTO.

Trademark Application Serial Number: 78206651.

Nahshin, Leonid used this trademark logo prior current owner and filed a U.S. Trademark application for the same trademark in USPTO on January 23, 2003 before current owner did, but was refused registration. (See Trademark application Serial number 78206651). At that time current owner was customer of Nahshin, Leonid.

Sincerely,

Law Offices of Vera Chernobylsky

4623 Dunman Ave., Woodland Hills, CA 91364

Tel: 818-251-6783